

EAST AFRICA BORNWOOD COMPANY LIMITED

**PROJECT PROGRESS REPORT FOR THE PERIOD OF NOV 2019 -MAY
2020**

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1.0 Introduction

EAST AFRICA BORN WOOD COMPANY LIMITED is a foreigner company incorporated under the companies Act 2002. The Certificate of incentives was issued on 9th February 2018 by Tanzania investment Centre with main objective to establish facilities for plywood, medium density fiber board (MDF), timber sawmill and related products production

Project sought to improve timber sub sector by investing in timber value addition in Tanzania by introduction new facilities with technology from India that are consistent with the requirement of Tanzania and global standard.

2.0 Company ownership

EAST AFRICA BORN WOOD COMPANY LIMITED is jointly owned by two shareholders who agreed to come together to share vast experiences in managing timber value addition digital for the mutual benefits of both parties:

Name of shareholders	Nationality	%of shares
Haoxu Fu	China	95%
Xianlong Zhan	China	5%

3.0 Business Location

The company head office is located at Luganga, Mufindi, Iringa- Tanzania.

4.0 Project implementation

For the purpose of providing necessary soft landing for the capital to be invested in realizing the project the Company applied for certificate of incentives which was granted in 2018 under the Tanzania Investment Act.1997.

The company managed to acquire at Luganga approximately 100 acres of land where the industrial building and other facilities have been constructed and other to be completed within 5 years by 2026

5.0 Operational Achievements

EAST AFRICA BORN WOOD COMPANY LIMITED vision is to increase availability of company products locally and globally with high quality, in ensuring this the company has implemented the followings:

i. Constructions of industrial building:

The company has commenced construction of industrial building with 10,000 square meters costing US\$20,000

ii. Machines

The company is planning to produce medium density fiber board (MDF) 1mCBM, Plywood 10M CBM and timber saw mill, the total machines to cost US\$500,000

iii. Employment

Currently **70** Tanzanians have been employed temporally and in the near future the company is planning to employ more than **100** Tanzanians on the completion of the project, our mission is to make sure the project is completed within 2 years from now.

6.0 Investor Obligation (Planned activities)

The company has managed to invest US\$ 1,050,000 to date and it is planning to invest the remaining US\$ 1,100,000 within 3 years from now.

The company is proudly with the huge investment made since its establishment; the majority of the investment has been made from owners' equity.

6.0 Challenges

- i. Failure to get capital investments: As per plan all capital investment is expected to be done by shareholders contribution through cash generated from business invested in China however the business operated in China was not doing well as it was expected to various reasons but currently the business is stable and it is generating cash flows enough to be injected in Tanzania business
- ii. Power cut: Power cut and unstable power supply has always been a big problem because machines cannot function without reliable power supply.
- iii. Availability of raw materials: For sustainability of project the company has been applying allotment of wood from Tanzania Forest Services (TFS) without any success, the management is very optimistic in near future the government will think and give priority to investors who add value timber products.

7.0 Future plan

Period/phase	Operational plan	Details
2019- 2012	Provision to training to local staffs	Also our next three years plan is ensuring we improve training to local staffs and employ more employees to reach the target of 85 Tanzanians
2019-2021	Promotions of local contents	The will ensure we localize the contents and promote the local produced timber related products
2019-2022	Increase of exports	The company is planning to increase exports by introducing company products in Kenya, South Africa, Rwanda, Uganda, Burundi etc

8.0 RECOMMENDATIONS

- i. The Government through TIC should AMMEND SHAREHOLDER **MR.XIANLONG ZHAN** TIC Certificate to facilitate implementation of project
- ii. The Government should increase the availability of Power